



# Health Centers and Medicaid

## 40 YEARS OF IMPROVING ACCESS TO CARE TOGETHER

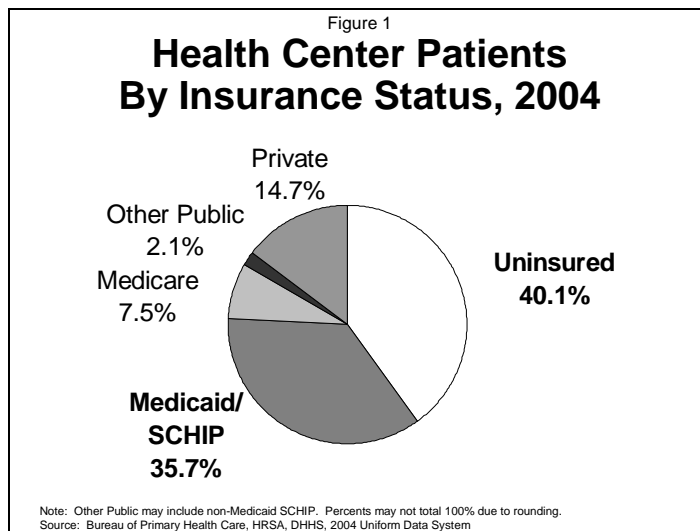
Both Medicaid and health centers are important means for improving access to care for the nation's most medically underserved. Medicaid is the single most important source of health care coverage for low-income and disabled Americans, most without other affordable insurance options. Health centers are community-based providers of high quality, cost-effective primary and preventive health care, and serve over **15 million** traditionally hard to reach patients. Also known as Federally-Qualified Health Centers (FQHCs), they currently serve as medical homes for **1 in 9 Medicaid beneficiaries** (5.4 million Medicaid patients) across the country.

## HEALTH CENTER PARTICIPATION IN MEDICAID

More than a third of all FQHC patients have Medicaid coverage. However, Medicaid covers only 9% of private, office-based physician visits, and only half of office-based physicians are willing to accept all new Medicaid patients and one-fifth are not accepting any.

FQHC patients are therefore more likely than the general population to be enrolled in Medicaid, with **36% of all FQHC patients enrolled in the program** compared to 12% nationally.

Overall, the number of Medicaid patients seen at FQHCs continues to grow. In fact, the number of health center Medicaid patients grew twice as fast as the number of Medicaid beneficiaries nationally – 51% vs. 26% – between 1999 and 2003.



## DELIVERING MEDICAID SAVINGS THROUGH QUALITY CARE

FQHCs control costs by providing primary care and prevention services, thereby reducing the need for more costly hospital care down the road. Several studies found that **FQHCs save Medicaid programs as much as 33% in annual spending for FQHC Medicaid patients due to reduced specialty care referrals and fewer hospital admissions and emergency room visits.** In addition, their management of patients with chronic conditions has **improved patient outcomes**, generating, for example, significantly lower costs per Medicaid diabetes patient compared to other providers.

## MEDICAID FINANCING

As the largest insurer of FQHC patients, adequate Medicaid payments are essential to a center's financial wellbeing. **Medicaid represents 36% of total revenue for FQHCs** – the largest of any single source and is directly proportional to the percent of patients with Medicaid. Medicaid reimburses FQHCs on a per visit basis that ensures FQHC grant revenues can be dedicated to care for the uninsured rather than subsidizing care for Medicaid patients. As a result, FQHCs have been able to more than double the number of uninsured patients they serve.

**Given the fundamental interrelationship between health centers and Medicaid, changes in one profoundly impacts the other.**

